

CITY OF DETROIT FINANCIAL ADVISORY BOARD

FEBRUARY 11, 2013 - 2:00 P.M.
MINUTES

Members Present:

Mary Beth Kuderik
Darrell Burks
Kenneth Whipple

Sandy Pierce
W. Howard Morris

Glenda Price
Ronald E. Goldsberry

Members Absent:

Robert Bowman

Eddie Munson

I. CALL TO ORDER

Ms. Pierce called the meeting to order at 2:01 P.M. Seven Financial Advisory Board members were present, a quorum.

Roll Call – Sandy Pierce, Kenneth Whipple, Darrell Burks, Ronald E. Goldsberry, A. Howard Morris, Mary Beth Kuderik , Glenda Price.

Members Absent: Robert Bowman and Eddie Munson

By motion made and supported, the Board unanimously voted 7-0 to approve today's agenda, with the removal of the Closed Session portion of the agenda.

II. APPROVAL OF BOARD MEETING MINUTES

By motion made and supported, the Board unanimously voted 7-0 (via roll call vote) to approve the December 10, 2012, regular Board meeting minutes.

Roll Call -- Sandy Pierce, Kenneth Whipple, Darrell Burks, Ronald E. Goldsberry, A. Howard Morris, Mary Beth Kuderik , Glenda Price.

III. PRESENTATIONS: CITY OF DETROIT

Mr. Kriss Andrews and Mr. Jack Martin gave an overview of the City's progress since the last FAB meeting and an update on the finances and initiatives as stated in the City of Detroit FAB Discussion Document, dated February 11, 2013.

FAB Chair Pierce: Asked for clarification on rather or not anything will stand in the way of the City from receiving the 20 MM in State funding. Mr. Andrews responded, no.

CITY OF DETROIT FINANCIAL ADVISORY BOARD

FAB Chair: Asked for clarification on any further developments in terms of an agreement with the State on additional funds. Mr. Andrews stated that there has been no agreement yet.

FAB Chair also inquired about the timing on the Review Team's final report. FAB Member Goldsberry stated February 16, 2013, as the date the report is due.

FAB Chair requested that the administration arrange to have the City's consultants and advisors at the next FAB Meeting.

FAB Chair: In response to the presentation regarding assets sales of 97 MM, the Chair asked what dollar amount is more accurate. Mr. Martin stated 85 MM or more.

FAB Burks: Commended the administration on having better budget results for the second time, and further inquired what portion of the two months savings of 62 MM is included in the 97 MM and asked, if the 97 MM is in addition to the savings already generated in January of the current month, 96.8 MM doesn't take in consideration any activity in December and January. Mr. Andrews stated November and December variance of 62 MM are either timing difference adjusted back into later months or permanent difference which are part of the counter measures. Mr. Martin agreed to get reconciliation to the FAB.

CASH UPDATE:

Presented by Mr. Jack Martin.

FAB Kuderik: Inquired about the benefits number being only 9.7 MM lower than run rate, and asked how confident are we on the future.

FAB Goldsberry: Inquired about the pension health care numbers system being timed out in latter months of April, May and June, and requested clarification on how some items are deferred into the next fiscal year. Mr. Martin responded saying the City will work out a repayment plan from General Retirement System next year and that will be incorporated into 2014 and beyond forecast.

FAB Goldsberry: Again inquired about the total amount of deferral into 2014. Mr. Martin answered stating, through June 30, 2013, the City will look at 29 MM. The 17th is delaying payment to one of the carriers that will be delayed a month and paid in July instead of June.

FAB Morris: Asked if projecting out to 2013-14 creates a problem. Mr. Martin responded saying yes, the City was directed to find 30-45 MM a month but will have additional revenue tax and indicated, with revenue coming in 2014, the Administration will be able to work it out.

FAB Morris: Inquired if the Administration had assumed it can absorb the deferral into 2013 and 2014 and beyond. Mr. Martin responded saying yes.

CITY OF DETROIT FINANCIAL ADVISORY BOARD

FAB Burks: Inquired about pg. 8 regarding the counter measures on a monthly basis. Stated the City has identified the amounts but should reveal details behind the numbers, and asked what are the items that represent the 21.2 MM in February etc ... further stating we are trying to understand what we have and when will it be challenged.

FAB Kuderik: Asked how the head-count reduction effects the pension contributions. Mr. Martin responded that the Administration can't quantify the head-count reductions precisely but know there are two plus retirees for one active as a trend. He stated he will contact Milliman to come up with something on that.

FAB Price: Inquired about reduction in personnel whereas some people will need to be replaced, asking how many will the City need. Mr. Martin responded saying he had no answer right now for general employees, but definitely for police.

FAB Morris: Inquired about furloughs on the revenue generating departments and asked can Administration stagger those they shut down. Mr. Martin responded stating the City is not going to do anything that will affect revenue generating departments and public safety.

FAB Chair: Asked Mr. Martin to provide rationale as to why City Council was not participating in the ten percent decrease by furlough days and wanted an update on the non-union participation and the negotiations with the unions.

FAB Burks: Asked if the Mayor was asked to take ten percent cut and what was his response. Mr. Martin referred the response to the Councilman Gary Brown.

Councilman Brown: Indicated that the City Council did not vote on furlough days for City Council because the Administration did not provide a plausible explanation until Friday, February 8, 2013. He stated that Council wanted answers, such as how many would be exempt, and what was the amount of actual savings. Brown further stated Council asked the administration to go back and give Council accurate numbers and a vote will take place at Council's next formal session. Brown stated that Council suggested alternative ways to create more savings.

REVENUE CONFERENCE UPDATE:

Jack Martin provided a review of the Revenue Estimating Conference held on January 25, 2013:

IV. BOARD ACTION AND/OR DISCUSSION ITEMS

FAB Chair: Read the RESOLUTION TO APPROVE REVENUE ESTIMATION REPORT – See attached.

By motion made and supported, the Board unanimously voted 7-0 (via roll call vote) to approve the RESOLUTION TO APPROVE REVENUE ESTIMATION REPORT.

CITY OF DETROIT FINANCIAL ADVISORY BOARD

ANNEX B INITIATIVES:
Presented by Lamont Satchel

Lamont Satchel requested to waive his presentation and discuss an overview of activity regarding union negotiations. He stated a couple actions that the City has taken involves the imposition of furlough days on twenty-four (24) unions and a tentative agreement with one (1) union.

FAB Vice Chair Whipple: Read a RESOLUTION CONFIRMING COMPLIANCE WITH ANNEX D of the FINANCIAL STABILITY AGREEMENT – See attached.

By motion made and supported, the Board unanimously voted 7-0 (via roll call vote) to approve the RESOLUTION CONFIRMING COMPLIANCE WITH ANNEX D of the FINANCIAL STABILITY AGREEMENT.

ANNEX B INITIATIVES and NEXT STEP SUMMARIES:
Kriss Andrews provided a brief summary.

Action: City Administration is to provide FAB a detailed reconciliation of counter measures after this meeting.

Action: Items requested for March 2013 FAB Meeting:
1.) Detailed plan from each of the outside consultants; and
2.) All progress to date

V. PUBLIC PARTICIPATION/COMMENTS

There was one individual who addressed the Board: Valerie Glen

VI. MOTION TO ADJOURN

There being no further business, and by motion and second, Ms. Pierce adjourned the meeting at 3:14 P.M.

Date Approved: March 11, 2013